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TAGS: ETRD ETTC PREL CU VE
SUBJECT: VENEZUELA: TITLE III OF THE LIBERTAD ACT

REF: A. STATE 48487
1B. 2006 CARACAS 1096
1C. 2007 CARACAS 694
1D. 2007 CARACAS 597
1E. 2007 CARACAS 844

Classified By: Acting Economic Counselor Richard T. Yoneoka for reasons 1.4 (b) and (d).

11. (U) Post's response to Reftel A questions follow.

12. (C) Has the host country, in post's opinion, worked to promote the advancement of democracy and human rights in Cuba?

Post sees no evidence that the Government of the Bolivarian Republic of Venezuela (GBRV) has undertaken policies or actions to advance democracy, human rights, or fundamental freedoms in Cuba over the past year.

12. (C) Has the host country made public statements or undertaken other governmental actions, such as resolutions in the national assemblies condemning human rights abuses in Cuba; or actions in support of civil society in Cuba through host country's diplomatic missions or other fora?

President Hugo Chavez is Cuba's closest ally, provides substantial resources to Cuba and has repeatedly and publicly praised the Cuban government. Chavez openly criticizes countries, including the United States, for commenting on the human rights situation in Cuba. At the Summit of Americas, Chavez called for the end of the US Embargo on Cuba and refused to sign the final document as it did not address, among other things, Cuba's exclusion from multilateral organizations in the Western Hemisphere.

The GBRV makes it a point to vote with Cuba and against the United States in multilateral fora.

In 2008, the Venezuelan National Assembly passed resolutions condemning the US embargo on Cuba and calling for the release of the "Cuban Five", convicted of espionage and jailed in the United States. Also, the National Assembly inaugurated a Venezuelan-Cuban friendship group.

13. (C) Have there been any high-level diplomatic visits between Cuba and the host country in the past six months?

Visits by high-level Venezuelan Officials to Cuba

In May 2009, Minister of Tourism Pedro Morejon attended the International Tourism Fair (FITCUBA) in Havana. Finance Minister Ali Rodriguez spoke at the final plenary session of the ministerial meeting of the Non-Aligned Movement Coordination Bureau in Havana in April 2009. Also in April 2009, President Chavez, accompanied by Foreign Minister Nicolas Maduro and Minister of Energy and Petroleum and PDVSA President Rafael Ramirez, visited Havana to prepare together with Raul and Fidel Castro for the Bolivarian Alternative for Latin America and Caribbean Summit. Rodriguez attended an

economic conference in Havana on March 2, 2009. Chavez, Ramirez, Minister of the Presidency Luis Reyes and Asdrubal Chavez, Vice President of PDVSA, visited Havana in February of 2009. Also in February 2009, Rodriguez addressed an audience in Havana, in commemoration of the 10th anniversary of the Bolivarian revolution. In December 2008, Maduro visited Santiago de Cuba to commemorate the 50th anniversary of the Cuban Revolution.

Visits by Cuban Officials to Venezuela

Cuban President Raul Castro, Vice President Ricardo Cabrisas, Culture Minister Abel Prieto, Foreign Minister Bruno Rodriguez, Foreign Trade and Investment Minister Rodrigo Malmierca and Francisco Soberon, President of the Cuban Central Bank participated in the seventh summit of ALBA in Venezuela in April 2009. Cuban First Vice President Jose Ramon Machado Ventura, Foreign Minister Felipe Perez Roque, and Soberon visited Venezuela on February 1, 2008 to participate in an ALBA meeting. Cuban Information Science and Communications Minister Ramiro Valdez Menendez attended a January 1, 2009 wreath laying ceremony marking the 50th anniversary of the Cuban Revolution in Caracas. Raul Castro began an official visit to Caracas on December 13, 2008. Cuban Commander of the Revolution Ramiro Valdez Mendez and Transportation Minister Jorge Luis Sierra attended the Cuba-Venezuela joint commission meeting in Caracas in December of 2008.

In addition to the visits set forth above, Post is aware of Vice Minister level and military officer visits by both countries to the other.

¶4. (C) What is the nature of the investments (and names, if known) that host country businesses have in Cuba?

In April of 2006, PDVSA and Cuban company, Internacional Maritima S.A. signed an MOU to create a 50-50 owned joint mixed company, TransALBA to undertake petroleum transportation. In February 2009, TransALBA acquired Petition, a 72,700 ton tanker that will transport crude oil from Puerto La Cruz, Venezuela to the Cienfuegos Refinery in Cuba. In May, 2009, TransALBA acquired an additional 72,700 ton tanker, the Sandino, destined for the same route as the Petition. In addition, TransALBA is studying the feasibility of acquiring a third tanker, one of such specifications that it could access Central American ports with limited depth.

In January 2009, Venezuela provided 30.4 million USD to fund the Endogenous Project in Cuba. Among the sub-projects to be undertaken are the construction of two wards and procurement of 148 hospital beds for the Obourke Provincial Psychiatric Hospital, various infrastructure projects related to the Carolina settlement near the Cienfuegos oil refinery, the construction of a 19 km long highway to connect with the Aguada refinery, an increase in the sanitary capacity of the bay and the extension of the sewage system in the areas of Las Minas, Obourke and Reina.

As reported in Reftel B, state oil company PDVSA and state-owned Venezuela Industrial Bank have offices in Havana.

In addition, PDVSA entered into a joint venture with the Cuban Petroleum Company (CUPET) to operate the Cienfuegos oil refinery. Chavez inaugurated the refinery in December 2007 and it is expected to produce 65,000 barrels of petroleum products per day. In July 2008, the BRV promised to build additional oil refineries in Cuba. In September 2008, the Cuban government announced plans to restore the oil pipeline connecting the city of Matanzas with Cienfuegos oil refinery with the financial support of Venezuela. Specifics on financing and ownership of the pipeline were not provided. PDVSA and CUPET have also agreed to conduct joint exploration studies in the Gulf of Mexico and other areas in Cuban territory.

In August 2008, the Maracaibo and Caribbean Shipyard (ASTIMARCA), a Cuban-Venezuelan joint-venture, began operations. Formed in 2006, ASTIMARCA is owned by the Venezuelan Ministry of Infrastructure and the Cuban Ministry

of Transportation and will primarily repair PDVSA owned oil tankers. In July 2008, the BRV announced the formation of Aceros del ALBA CA, a steel company, with Cuba. A joint venture, Aceros is to produce 500,000 tons of steel a year and be located in Monagas state. Ownership was reported to be 51 percent Venezuelan and 49 percent by Acinox Steel Industrial Group of Cuba.

In June 2008, the Greater Caribbean Telecommunications Company, a joint-venture between Cuba's Telecommunications Signal Transportation Company and Venezuela's Telecom, outlined progress made on a project to run a fiber optic cable on the ocean floor to connect Cuba and Venezuela. Although still in the planning stages, Greater Caribbean Telecommunications Company aspires to lay the first cable by the end of 2009.

On January 2007, Cuba and Venezuela entered into a Memorandum of Understanding (MOU) for the construction of a joint steel factory, three oil and petroleum distillates storage facilities, a nickel factory; the incorporation of a mixed insurance company; and a study to evaluate the opening of a power station in Cuba. In December 2007, the Venezuelan social production company Petrocasa built 100 homes for the elderly and disabled in Cuba. Petrocasa supplied construction advice and the houses, which were made of PVC. In July 2008, the BRV promised to build an additional 100 Petrocasas in Cuba.

We understand that the BRV and the Cuban government have entered into various MOUs to study the feasibility of joint ventures in several areas, including tourism, music production, film works and the production and export of rice.

However, we have not been able to confirm establishment of any of these joint ventures. We also understand that Venezuelan private sector companies operate in Cuba, but we do not have a full listing of the companies or details of their operations. We are unaware of BRV entities or individuals trafficking in confiscated property in Cuba.

15. (C) Are there any bilateral trade agreements between host country and Cuba?

On December 14, 2008, Venezuelan President Chavez and Cuban President Raul Castro signed agreements to create joint oil and telecommunications ventures. At that time, the countries signed an MOU that called for the formation of a "joint venture for the oil and liquefied natural gas refining system in Cuba." This MOU will expand Cuba's Cienfuegos and Hermanas Dias refineries. In addition, the countries signed an agreement for the creation of a joint socialist company, Guardian del Alba, which would be based in Venezuela and regulate cooperation in integrated technology solutions.

In July 2008, the annual conference of the Cuba-Venezuela Solidarity Movement was held in Caracas. During the conference, participants stressed continued cooperation between the countries in the areas of sports, agriculture and education. In January 2008, during the seventh meeting of the Cuban-Venezuelan Mixed Commission, representatives signed agreements for 76 projects, primarily in the area of food, agriculture and agricultural industry. Agreements were also signed for communications, sports, health, education and transportation projects, but neither government revealed any details regarding the projects. According to a PDVSA press release from January 2008, the 76 projects required an investment of 1.3 billion USD in 2008. Among the projects listed were 11 ethanol plants. In addition, one agreement covered basic engineering studies for an animal feed plant. Eighteen Venezuelan government ministries and twenty-one Cuban ministries were tasked with carrying out these projects.

Between January and November 2007, Venezuela and Cuba signed over 42 bilateral commercial agreements. Post calculates that these often vague promises of joint cooperation and projects are valued at an estimated USD 5.72 billion (Reftel C.) Fourteen of these agreements were signed on October 15,

2007 and included petroleum exploration by PDVSA in Cuban waters, construction of the fiber optic telecommunications cable mentioned above, and the construction of a hotel on a Cuban key. On February 28, 2007, during the seventh meeting of the Cuba-Venezuela Intergovernmental Commission in Havana, participants announced the approval of 355 cooperation projects worth 1.5 billion USD, including an agreement to build 11 ethanol plants that process sugar cane (Reftel D.) On April 29, 2007, Venezuela, Bolivia, Cuba and Nicaragua signed numerous agreements in areas such as oil, education, health, finance, and culture to advance the Bolivarian Alternative for the Americas and the People's Commercial Treaty ALBA-TCP) (Reftel E.)

Cuba and Venezuela signed an additional 14 agreements in December 2007. Several of the fourteen agreements were in the field of energy. Two agreements covered studies to increase the capacity of the Cienfuegos refinery from 65,000 barrels per day to 108,000 barrels per day and a study to increase the capacity of the storage facility at the Matanzas terminal. In addition, an agreement was signed for the exploration and development of six hydrocarbon blocks in the Pinar del Rio province. Another agreement dealt with the development of chemical and petrochemical plants in the Cuban provinces of Ciego de Avila, Nuevitas and Sauga la Grande. It is not clear what the remaining agreements covered. According to the PDVSA press release announcing the signing of the agreements, 27 Venezuelan-Cuban joint ventures were operating in Cuba and the Cuban-Venezuelan Mixed Commission invested 1.5 billion USD during 2007.

President Chavez and Castro signed the Integrated Cooperation Agreement (ICA) between Cuba and Venezuela on October 30, 2000. Under the 2004 amended terms of the ICA, Venezuela supplies 92,000 barrels of crude oil and petroleum products per day to Cuba in exchange for the following services in Venezuela: dentistry, optometry, diagnostic centers, rehabilitation units, medical equipment and medicine. Cuba also offers services in the following social missions: Mission Milagro (eye surgery for the poor), Deportes Barrio Adentro (sports in the Barrio) and Mission Barrio Adentro (health care for the poor in the Barrio.)

Contacts allege that BRV imports from Cuba sometimes bypass customs and tax officials and enter Venezuela via military ports. These items are reportedly not considered in official trade statistics compiled by the BRV tax authority.

¶6. (C) Are there any exchange programs between host country and Cuba, including, but not limited to: scholarships for host country nationals to study in Cuba; Cuban-paid medical travel for host country nationals; and Cuban doctors working in host country?

Venezuela and Cuba have wide-ranging exchange programs in many fields, including, but not limited to, medical care, education, sports, and journalism. According to a December 2007 PDVSA press release, 39,000 Cubans were working in Venezuela with almost 31,000 working in the health sector. A December 2007 PDVSA press release claimed that one in 53 Venezuelans had received medical treatment under Cuban-Venezuelan medical programs. According to the Cuban government-controlled on-line newspaper, Granma International, 2,400 Venezuelan doctors are enrolled in Cuban education institutions. In January 2007, Chavez also announced plans to send 100,000 poor Venezuelans on all-expense paid vacations to Cuba. Venezuelans would travel on Cuba's state-run airline Cubana de Aviacion. In March 2007, approximately 1,500 Cubans were to visit Venezuela for tourism.

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